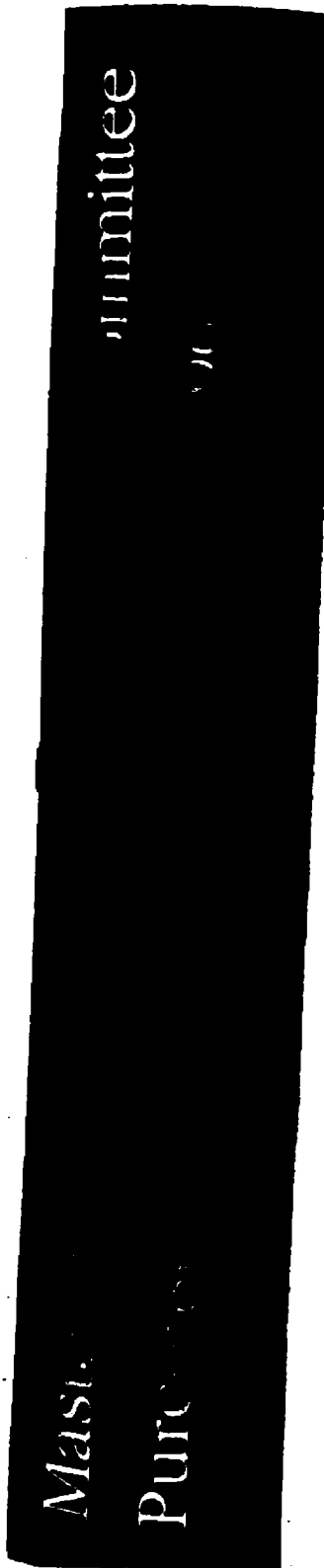


P-1131



Susan CM
mei ER
Elisa

Committee Members

Al Diamant

Please review and add
info that you recorded (my
presentation) that I may
have missed; especially
provide thoughts on sub-commit
dates. Thanks
AL

June 25, 1996

Committee Meeting Minutes

Steve Abrams, Steve Apesos, Elizabeth Brett, Phil Carter, Elisa Corridore,
Joy Goldsmith, Randy Hendrick, Joan Hennessey, Ron Karlin, Rudi Masi,
Elizabeth Morey, Mei Morin, Stephaine Saltzman, Rob Sheets,
Susan Stashower, Stewart Stockdale, Diane Wetherington

As promised, the following material represents points of
interests/deliverable items from our June committee meeting for which your
comments/additions/clarifications are requested by Friday, July 12th. Please
note that the next Committee Meeting is scheduled for Wednesday, October
30th through Friday, November 1st.

In addition, suggested dates for subcommittee as well as 1997 Committee
Meetings includes:

	<u>Date</u>	<u>Location</u>
Global		
Technical		
BusinessCard		
Corporate Card		
Purchasing Card		
Annual Committee	2/26-28	TRD
Sub-committee	6/18-20	Purchasing

Call me at 914-249-4831 with any questions. Thank you once again for your continued
participation as an issuer of MasterCard Commercial Products.

Rudi Masi - Research

~~Annual Committee~~

~~Spring Committee~~

~~Fall Committee~~

- What would loss # be without Purchasing Card. Provide peer analysis on top 5/top 10 members loss characteristics

Al Diamant - Product Management

Joy Goldsmith - Fraud/Risk Management

- Need Finer Breakout of "Worldwide Losses Commercial Products"
Worldwide: U.S./Non U.S.
Floor Limits/No Floor Limits
BusinessCard/Corp Card/PurchasingCard
- Provide Recommendation for next meeting with respect to developing perspective on Association Rules/Regulations for preventing fraud loss. Joan Hennessey to be involved.
- Need for a Fraud Model since members currently utilize a consumer early warning system and consumer patterns will unnecessarily sound alarm for normal business behavior

Ron Karlin - Card Acceptor ID

- Win/Win for Issuers
- Great Deal of Effort for Acquirers
- Aren't we better off with work around utilizing existing Merchant ID and run risk of decline when/if Merchant changes Acquirer and therefore changes ID?
- Suggestion that TIN (Tax Identification Number) might be a viable alternative
- # Needs to have logic to identify Legal Entity, i.e. Chevron, to enable use in authorization control otherwise doesn't solve Purchasing Card issue; loose ability to authorize all 600 Home Depots - could only authorize one by one. Need to have all 600 in authorization data base
- Group asked for their requirements; Technology Sub-Group to deliver

Steve Apesos - Promotions and Sponsorships

Diane Wetherington - Chip Card

- New Technology - One year development to market cycle, therefore need to look at Commercial Products now to have something mid year 1997

Steve Abrams - Committee Structure

- Group questions amount of collaborative effort i.e. QC Testing for SD4W
- Requests for more interaction with acquirers, have them participate in breakout session
- Need to set agenda items for acquirer committee
- Committee meeting should be culmination of work accomplished between meetings, difficult to react to concepts presented for the first time
- Members should take on homework assignments, responsible for meeting take aways and delivering updates at next meeting.
- Interchange discussion; Randy Henrick MasterCard Legal - OK with this topic on a general/philosophical basis, can't set/discuss specific rates
- Request for an overview of the Interchange Process - Corporate/PurchasingCard Issuers are impacted by interchange since deals are contractual over many years. Randy OK with presenting the process but we can not give impression that members can change process
- Members are requested to develop short list of strategic initiatives that committee should address
- Group is desirous of Breakout Sessions by Product; creation of subcommittees
- How do we handle Global? Look to incorporate as part of product breakout sessions
- Two meetings would be sufficient, only if additional non-travel meetings take place i.e., sub-committee conference calls. However as long as business continues to grow and market conditions remain volatile we should keep to three meetings until conference calls prove successful
- Utilize Internet to distribute information and ask for/receive feedback, conference calls with group this size not feasible
- Conference calls must be regularly scheduled with structure to allow members a chance to contribute in-between meetings

Phil Carter - Technology Work Group

- After Subcommittee Meetings there must be confirming follow-up communications to insure everyone has a common level of understanding as to what has been agreed to and the corresponding delivery dates
- Members are requested to supply names of client corporations using 2.0 to support Public Relations release
- Need to make sure 2.0 is bug free before Public Relations release
- Requests for dates on Enhancements
- Request for dates of the next 3 meetings
- Request to know TSYS programming to send/sending to send DPF (Designated Processor File) for the T&E Bins

Gary Flood - Premium Card

- Focus Groups - Played back desire to have business and personal charges separated (2 different products) with consolidated billing or separate billing available
- Are there plans for a Premium BusinessCard?
- Are small business owners different from rest of target group? Gary: this group may be most hesitant to believe MasterCard can deliver, very in touch with awards/miles very adept at making the tradeoff/business decisions
- If no pre set is heavily advertised it may lead to an Amex Response "that they've been doing it" and would denigrate MasterCard Small Business Product. Gary: MasterCard would advertise complete package not just no preset feature.
- Group questioned MasterCard's ability to develop Awards Program that is better than Amex. Gary - Added research/Amex experience places MasterCard at advantage of understanding/correcting mistakes/Amex flaws. In addition, we are not able to get beyond Awards, that's what audience is looking for. Next great idea is not apparent yet

Mei Morin - Corporate Card

- Any plans for individual liability? MasterCard to leave this option open for issuers to provide coverage
- New Amex pricing for rewards program is \$75 Reduced to \$20 when individual takes an Amex Green Card, a \$55 value. There is a single pool for these reward points
- Peer Analysis is offered as a means to establish industry benchmarking.

Purchasing Card: Sales and Use Tax

Stan Cichowski - Deloitte & Touche

- What is Amex doing? Stan: Amex is seeking/receiving approval of their electronic data capture. Elisa - States are saying if information is there it will be accepted - issue is whether tax is captured (not calculated) as part of transaction.

Joan Hennessey - Acceptance

- Consider effort to establish "penalty" for not passing data
- Need to re-launch customer code in marketplace so that merchants prompt buyer for the info
- Question regarding MO/TO - How to prompt when authorization doesn't take place at time of sales?
- Joan: - many/most MO/TO merchants utilize PurchasingCard so that prompt exists at time of order entry
- Requests to publicize evidence of Level III data capture/delivery to excite marketplace
- Suppliers are anxious for free advertising therefore members were queried regarding ability to deliver acceptance brochure to program managers on quarterly basis (this free publicity should excite merchants to increase data capture and act as a market differentiation)
- FDR Issue - need quality control procedure to insure no repeat, need a commitment to quality.

BusinessCard Breakout

Fair Issac (FICO): Monica Chowes, Doug Christiansen

What is FICO relationship with TRW, D&B? Monica: FICO has automated interface with both TRW and D&B on the front end/and have had discussions with both about backend development.

- MasterCard should work on efforts to strength the brand. An effort with FICO touches on how an issuer does business which is not a group effort

- For those issuers who process at FDR would it be more expensive for them to participate in a pooled database since FICO currently only has a relationship with TSYS. Answer: Yes but less than if development effort was theirs alone

Alan Heuer

- Include Nick Utton, Joe Tripodi at next Committee Meeting to speak on Advertising and Strategic Development
- What efforts in queue to establish MasterCard as best in class for commercial payments? Alan - Support will be there, Stewart Stockdale developing global branding effort
- With board to rule on interchange are there any plans to address post office on a one off? Alan - One offs are possible but a long term solution is what the market needs and this will take time to take hold.

Stewart Stockdale - Global

- Regarding Branding Strategy - Small businesses in U.S. do not like being referred to as "Corporate," small business owners are fiercely proud about being a small business. Stewart: Branding strategy will be flexible to support "BusinessCard" in the U.S.
- Suggestion that research efforts pay attention to whether U.S. experience - positive disposition to "Business Card" - exists elsewhere
- Request to mobilize Global Subcommittee

Stephaine Saltzman - Global Services

What are staffing plans to support increase in volume? Stephanie: current staff has capacity to handle increase, plans are in place, to increase multilingual staff. Also, important for issuers to alert MasterCard when major campaign is planned which may result in an increase in volume so staff levels can be adjusted

- List of languages MasterCard can support without AT&T. Stephanie: Korean, French, German, Spanish, Dutch
- Can we have separate instructions by BIN? Yes - Member questionnaires can/should be provided for all BINS/group of BINS that are to be serviced in a similar fashion
- 1-800-MC-Asist is tied into Global services so that there will be a smooth transition back and forth depending on cardholder need

- How will MasterCard support middle of the night authorization request. Stephanie: authorization desk as part of the center to provide assistance, the level of assistance will be a function of issuer availability; Stephanie will provide a follow up to indicate to what extent MasterCard receives these types of calls.

Rob Sheets - Wrap Up

- With respect to sales tax the group was challenged to tap into Tax staff for market insight, understand if any companies are coming up for audit
- Global Subcommittee Members -
 - First Chicago
 - Citibank
 - GECC
 - Chase
 - Bank of America
- Technology Group - Phil Carter to identify 3 Dates in 1996
- Product Development
 - Market Leap Frog/Brainstorm Session
 - Need to be by Product, Smaller Breakout Rooms
 - Provide Space to Support Member "Virtual" Office
 - BusinessCard - Wells Fargo, Boatmens, AT&T, Advanta First of America, First Alabama, First Star, MBNA, First Chicago
 - Purchasing Card - GECC, First Chicago, Citibank, Bank of America, Wells, First of America, Chase
 - Corporate Card MBNA, Citibank, AT&T, GECC
 - Follow up: communication regarding: committee participants roles and responsibilities
- Tie next meeting to REACH Award?

Next Meeting Agenda

- Sub Group Presentation
- Netscape
- Tax Update
- MasterValues
- Interchange
- Fleet
- Acceptance Update - Include Acquirers Folio Update
- Nick Utton, Joe Tripodi - Brand Awareness/Advertising
- Global Acceptance
- Flex Bill
- 1997 Product Plans
- Market Research